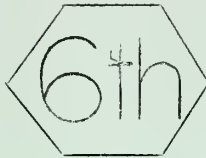


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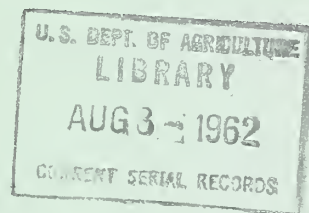
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Proceedings of the



National Conference on

FRUIT AND VEGETABLE BARGAINING COOPERATIVES



Jack Tar Hotel
San Francisco, Calif.
January 13 and 14, 1962

U. S. Department of Agriculture
Farmer Cooperative Service
Washington 25, D. C.

in cooperation with the
Pacific Coast Cooperative Marketing Association

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PROCEEDINGS OF THE
SIXTH NATIONAL CONFERENCE ON
FRUIT AND VEGETABLE BARGAINING COOPERATIVES

This is a report of the Sixth National Conference on Fruit and Vegetable Bargaining Cooperatives, held at the Jack Tar Hotel, San Francisco, Calif., on January 13 and 14, 1962.

As with earlier conferences, the purpose was to provide a forum to discuss mutual problems and to encourage exchange of ideas to help bargaining cooperatives more effectively meet growers' needs. General theme of this conference was "Making Bargaining Co-ops Work Better."

Again at the request of various fruit and vegetable bargaining cooperatives, the Farmer Cooperative Service, U. S. Department of Agriculture, arranged and conducted the conference. This year the Pacific Coast Cooperative Marketing Association was also a joint sponsor.

A total of 172 persons registered for the conference, with a number of others also participating in the meeting. Of those registered, there were 91 persons representing 17 fruit and vegetable bargaining cooperatives; 36 from 11 other cooperatives; 16 from general farm organizations; 8 from the U. S. Department of Agriculture; 7 from land-grant colleges; 4 from State and national cooperative organizations; 3 from State departments of agriculture; and 7 others.

These proceedings include speeches made at the conference and highlights of panel discussions, as well as other related information. The views expressed are those of the participants and not necessarily those of the Farmer Cooperative Service.

Copies of these proceedings -- in limited quantity -- may be obtained from the Fruit and Vegetable Branch, Farmer Cooperative Service, U. S. Department of Agriculture, Washington 25, D. C.

PROGRAM

Saturday, January 13

8:30 a.m. - 12 noon Morning Session California Room

Chairman Joseph G. Knapp, Administrator
Farmer Cooperative Service
U. S. Department of Agriculture

Opening Remarks by the Chairman

Welcome to the West Coast

Ralph B. Bunje, Manager
California Canning Peach Association
San Francisco, Calif.

Welcome from the National Council of Farmer Cooperatives
Kenneth D. Naden, Secretary
National Council of Farmer Cooperatives
Washington, D. C.

Economic Possibilities and Limitations of Bargaining Associations
Sidney Hoos, Professor of Agricultural Economics
University of California
Berkeley, Calif.

Panel Discussion:* Techniques and Problems of Negotiating and
Gaining Recognition

Leader: Charles J. Telford, Manager
California Freestone Peach Association
Modesto, Calif.

Gene R. Coe, Manager
Washington Asparagus Growers
Association
Sunnyside, Wash.

John Handy, President
Great Lakes Cherry Producers
Marketing Cooperative
Grand Rapids, Mich.

Neil K. Holbrook, Manager
California Processing Apple
Growers Association
San Francisco, Calif.

Break

*Panel Discussion procedure -- Leader briefly introduced the subject. Each panel member then gave a 5 minute statement of his views on the subject, with the rest of the hour devoted to questions and comments from the audience.

Saturday, January 13 (Continued)

Roundup of Recent Developments - Brief reports on the formation and growth of new bargaining associations; and accomplishments and problems of established associations presented by various managers, directors, and college personnel.

12 noon - 2 p.m. Luncheon Session

ChairmanWendell M. McMillan, Chief, Fruit and Vegetable
Branch
Farmer Cooperative Service
U. S. Department of Agriculture

New Developments in Federal Market Orders for Fruits and Vegetables
Floyd F. Hedlund, Director
Fruit and Vegetable Division
Agricultural Marketing Service
U. S. Department of Agriculture

2 p.m. - 5 p.m. First Afternoon Session California Room

ChairmanJ. Kenneth Samuels, Director, Marketing Division
Farmer Cooperative Service
U. S. Department of Agriculture

Developing Leadership in Bargaining Associations
G. Alvin Carpenter, Extension Economist
University of California
Berkeley, Calif.

Panel Discussion:* The Role and Responsibilities of Directors

Leader: Robert E. Collins, President
California Canning Pear Association
San Francisco, Calif.

Wayne Salter, Vice President
California Canning Peach
Association
San Francisco, Calif.

Gerald D. Marcus, Attorney
Schofield, Hanson Bridgett,
Marcus and Jenkins
San Francisco, Calif.

Break

Panel Discussion:*

Building and Maintaining Member and Non-member Support

Leader:

J. L. Sullivan, President
California Canning Peach Association
San Francisco, Calif.

Vernon Stockwell, President
Washington-Oregon Canning Pear
Association
Yakima, Wash.

David Orth, Director
California Freestone Peach
Association
Modesto, Calif.

Einer Knutzer, Director
Northwest Washington Farm Crops
Association
Mt. Vernon, Wash.

Farm Bureau Experience in Building Bargaining Associations - Two
Case Studies

C. William Swank, General Manager
Ohio Agricultural Marketing Association
Columbus, Ohio

Herbert Dalton, Director of Special Services
California Farm Bureau Federation
Berkeley, Calif.

Sunday, January 14

1:30 p.m. - 5 p.m. Second Afternoon Session California Room

Chairman Joseph G. Knapp, Administrator
Farmer Cooperative Service
U. S. Department of Agriculture

Panel Discussion:* How State Agencies Can Assist Growers in Their
Bargaining Activities

Leader: Ralph B. Bunje, Manager
California Canning Peach Association
San Francisco, Calif.

William J. Kuhrt, Chief Deputy Director State Department of Agriculture Sacramento, Calif.	Paul T. Rowell, Chief Division of Agric. Development State Department of Agriculture Salem, Oreg.
---	--

Don Olson, Supervisor
Division of Marketing
State Department of Agriculture
Olympia, Wash.

Panel Discussion:* How the Colleges Can Assist in Building
Effective Bargaining Associations

Leader: George B. Alcorn, Director
Agricultural Extension Service
University of California
Berkeley, Calif.

Robert W. Wilcox
Extension Economist
University of Idaho
Boise, Idaho

William F. Lomasney
Associate Professor in Extension
University of Illinois
Chicago, Ill.

Break

"Open Season" -- Unscheduled Discussion

Leader: Joseph G. Knapp, Administrator
Farmer Cooperative Service
U. S. Department of Agriculture

Adjourn

PERSONS ATTENDING THE CONFERENCE

Jack Adams	Fieldman, Apricot Producers of California, Los Gatos
George B. Alcorn	Director, Agricultural Extension Service, University of California, Berkeley
Robert P. Baker	Field Representative, California Cannery and Growers, San Francisco
Donald Balcom	Director, Apricot Producers of California, Los Gatos
C. T. Barrows	Field Representative, California Cannery and Growers, San Francisco
Henry J. Bava	Director, California Canning Peach Association, San Francisco
Richard L. Black	Assistant Manager, California Freestone Peach Association, Modesto
Earl Blaser	Secretary, California Canning Peach Association, San Francisco
Norman Boeger	Director, California Canning Peach Association, San Francisco
Tom C. Bowers	Director, California Freestone Peach Association, Modesto
Robert E. Braden	Field Services Director, Michigan Agricultural Cooperative Marketing Association, Lansing, Mich.
Barclay Brauns	Director, Washington-Oregon Canning Pear Association, Yakima, Wash.
George M. Brown	Director, California Canning Pear Association, San Francisco
Ralph B. Bunje	Manager, California Canning Peach Association, San Francisco
Don Burdick	Field Representative, California Cannery and Growers, San Francisco
G. Alvin Carpenter	Extension Economist, University of California, Berkeley
Orlo S. Carver	Manager, Oregon-Washington Pea Growers Association, Milton-Freewater, Oreg.
R. B. Chambers	Director, California Canning Peach Association, San Francisco
P. E. Cigrand	Field Representative in Charge, California Canning Peach Association, San Francisco
Gene R. Coe	Manager, Washington Asparagus Growers Association, Sunnyside
Norman R. Cole	President, Idaho Contract Growers Association, Kuna
Walter Collett	Executive Secretary, Oregon Vegetable and Fruit Growers Association, Salem
Ross F. Collie	Director, Washington-Oregon Canning Pear Association, Yakima, Wash.
Robert E. Collins	President, California Canning Pear Association, San Francisco
J. Ward Cooper	Manager, Market Development Division, Michigan Farm Bureau, Lansing
Tom Copeland	Washington State Legislative Council, Walla Walla

Don Covey	Director, California Canning Pear Association, San Francisco
R. E. Crawford	California Packing Corporation, Berkeley
George H. Crum	President, California Freestone Peach Association, Modesto
Joseph Cuciz	Director, Apricot Producers of California, Los Gatos
Herbert Dalton	Director of Special Services, California Farm Bureau Federation, Berkeley
Ben H. Davis	Director, Great Lakes Cherry Producers Marketing Cooperative, Grand Rapids, Mich.
Kenneth Davis	Field Representative, California Tomato Growers Association, Stockton
Wendell Davis	Field Representative in Charge, California Canning Peach Association, San Francisco
L. E. Dekker	Washington Asparagus Growers Association, Sunnyside
Fred W. Doyle	Field Representative, California Cannery and Growers, San Francisco
Curtis Drake	Director, Great Lakes Cherry Producers Marketing Cooperative, Grand Rapids, Mich.
M. W. Dula	Treasurer, California Processing Apple Growers Association, Sebastopol
Robert H. Eaton	Fruit and Vegetable Division, Agricultural Marketing Service, U. S. Department of Agriculture, Portland, Oreg.
A. J. Edinger	Assistant Manager, California Tomato Growers Association, Stockton
Don E. Edison	Farmers Grain Dealers Association, Des Moines, Iowa
Robert Elder	Secretary, Washington Asparagus Growers Association, Sunnyside
E. M. Faye	President, Sunsweet Growers, Inc., San Jose
David B. Fetz	U. S. Department of Agriculture, Berkeley, Calif.
Berkeley I. Freeman	Manager, Great Lakes Cherry Producers Marketing Cooperative, Grand Rapids, Mich.
Ray D. Freeman	Field Representative, California Cannery and Growers, San Francisco
Mort French	Manager, California Canning Pear Association, San Francisco
Ken Flowers	Field Representative, California Tomato Growers Association, Stockton
W. Harlan Gannon	Manager, Washington Freestone Peach Association, Yakima
Leon Garoian	Marketing Management Specialist, Oregon State University, Corvallis
Richard Garrison	Washington Asparagus Growers Association, Sunnyside
Vince S. Garrod	President, Apricot Producers of California, Los Gatos
Claude Gifford	Associate Editor, FARM JOURNAL, Philadelphia, Pa.
Cameron Girton	Manager, California Canning Pear Association, San Francisco
Joe Green	Treasurer, California Canning Pear Association, San Francisco
Ray C. Grove	Field Representative, California Cannery and Growers, San Francisco

Ray Guffin	Secretary-Treasurer, Cal-Wool Marketing Association, Berkeley, Calif.
James R. Hammack	Attorney, Northwest Washington Farm Cooperative Association, Mt. Vernon
John Handy	President, Great Lakes Cherry Producers Marketing Cooperative, Grand Rapids, Mich.
Lewis R. Hart	Secretary, California Processing Apple Growers Association, Sebastopol
Harold J. Hartley	Manager, Fruit and Vegetable Department, American Agricultural Marketing Association, Chicago, Ill.
Floyd F. Hedlund	Director, Fruit and Vegetable Division, Agricultural Marketing Service, U. S. Department of Agriculture, Washington, D. C.
Glenn E. Heitz	Deputy Governor and Director, Cooperative Bank Service, Farm Credit Administration, Washington, D. C.
E. V. Higgins	Assistant Secretary, California Canning Peach Association, San Francisco
Donald E. Hirsch	American Farm Bureau Federation, Chicago, Ill.
W. Gifford Hoag	Chief, Information Services, Farm Credit Administration, Washington, D. C.
Joe Hobson	Oregon Farm Bureau, Ontario
Neil K. Holbrook	Manager, California Processing Apple Growers Association, Sebastopol
Robert F. Holt	Secretary-Treasurer, California Tomato Growers Association, Stockton
Alfred A. Holve	President, Independent Olive Growers Association, Porterville, Calif.
Sidney Hoos	Professor of Agricultural Economics, University of California, Berkeley
Hartin L. Hovander	Director, Northwest Washington Farm Crops Association, Mt. Vernon
Vernon Howard	Washington Freestone Peach Association, Yakima
Antonio Iantosca	Director, Apricot Producers of California, Los Gatos
Donnell D. Iden	Field Representative, California Cannery and Growers, San Francisco
W. L. Jackson	Manager, Raisin Administrative Committee, Fresno, Calif.
John Jamison	Assistant Specialist, Giannini Foundation of Agricultural Economics, University of California, Berkeley
Alan C. Jensen	Executive Assistant, California Cannery and Growers, San Francisco
Arthur L. Johnson	Director, Northwest Washington Farm Crops Association, Mt. Vernon
Bryce M. Jordan	Manager, Maine Potato Growers, Presque Isle
Max Judy	Vice President, Washington-Oregon Canning Pear Association, Yakima, Wash.
G. W. Kingman	Director, California Processing Apple Growers Association, Sebastopol
J. H. Kirk	Director, Washington-Oregon Canning Pear Association, Yakima
J. E. Klahre	General Manager, Apple Growers Association, Hood River, Oreg.

W. J. Klotzbach	Manager, Cherry Growers, Inc., Traverse City, Mich.
Joseph G. Knapp	Administrator, Farmer Cooperative Service, U. S. Department of Agriculture, Washington, D. C.
M. E. Knouse	President, Knouse Foods Cooperative, Peach Glen, Pa.
Einer Knutzen	Director, Northwest Washington Farm Crops Association, Mt. Vernon
William J. Kuhrt	Chief Deputy Director, State Department of Agriculture, Sacramento, Calif.
James Laird	Field Representative in Charge, California Canning Peach Association, San Francisco
Allen Lauterbach	General Counsel and Assistant Secretary-Treasurer, American Farm Bureau Federation, Chicago, Ill.
Edward G. Lawrence	Field Representative, California Canning Peach Asso- ciation, San Francisco
Dennis Leary, Jr.	Director, California Tomato Growers Association, Stockton
Dino Lekos	Field Representative, California Cannery and Growers, San Francisco
William R. Lider	Director, California Tomato Growers Association, Stockton
Joe LoBue	Director, Independent Olive Growers Association, Porterville, Calif.
William F. Logan	Field Representative, California Cannery and Growers, San Francisco
W. F. Lomasney	Associate Processor in Extension, University of Ill- inois, Chicago
J. H. Lowrey	Field Representative, California Cannery and Growers, San Francisco
Fred H. Mahre	President, Washington Freestone Peach Association, Yakima
Joe Mapes	California Canning Pear Association, San Francisco
Gerald D. Marcus	Attorney, California Canning Pear Association, San Francisco
Ken B. Marden	Field Representative, California Cannery and Growers, San Francisco
Lino Martini	Field Representative, California Canning Peach Asso- ciation, San Francisco
Tony Martinez	Field Representative, California Cannery and Growers, San Francisco
A. W. Matthews	Secretary-Treasurer, Cannery Growers, Inc., Maumee, Ohio
R. R. Mauser	Executive Vice President, California Cannery and Growers, San Francisco
N. W. Merrill	General Manager, Blue Lake Packers, Inc., Salem, Oreg.
Ira C. McKay	Field Supervisor, California Canning Peach Association, San Francisco
Wendell M. McMillan	Chief, Fruit and Vegetable Branch, Farmer Cooperative Service, U. S. Department of Agriculture, Wash- ington, D. C.

Merlin Miller	3rd Vice President, California Tomato Growers Association, Stockton
Robert Mitsch	Apricot Producers of California, Los Gatos
Paul O. Mohn	Chief, Marketing Farm Management Branch, Federal Extension Service, U. S. Department of Agriculture, Washington, D. C.
Louis Moritz	Director, Washington-Oregon Canning Pear Association, Yakima, Wash.
Dorothy Mortensen	Ross Wurm and Associates, Modesto, Calif.
Kenneth D. Naden	Secretary, National Council of Farmer Cooperatives, Washington, D. C.
Floyd Nelson	President, Northwest Washington Farm Crops Association, Mt. Vernon
Henry T. Nelson	Chairman, Processing Apple Committee, Michigan Agricultural Cooperative Marketing Association, Lansing
Don Olson	Supervisor, Division of Marketing, State Department of Agriculture, Olympia
Edward K. Olson, Jr.	Secretary-Manager, Independent Olive Growers Association, Porterville, Calif.
David Orth	Director, California Freestone Peach Association, Modesto
A. J. Pepitone	Field Representative, California Cannery and Growers, San Francisco
Don H. Phipps	Secretary-Manager, Northwest Wholesale, Inc., Wenatchee, Wash.
G. R. Pitzer	California Cannery and Growers, San Francisco
Clarence E. Prentice	Michigan Farm Bureau, Lansing
Keith Reeve	President, California Tomato Growers Association, Stockton
Joseph E. Rhodes	Field Representative, California Cannery and Growers, San Francisco
R. L. Richmond	Field Representative, California Cannery and Growers, San Francisco
Lewis P. Rider	Director, Great Lakes Cherry Producers Marketing Cooperative, Grand Rapids, Mich.
Eugene Roberts	Michigan Farm Bureau, Lansing
Harold Rogers	Editor, WESTERN FRUIT GROWER, San Francisco, Calif.
Paul T. Rowell	Chief, Division of Agricultural Development, Oregon Department of Agriculture, Salem
Wayne Salter	Vice President, California Canning Peach Association, San Francisco
J. Kenneth Samuels	Director, Marketing Division, Farmer Cooperative Service, U. S. Department of Agriculture, Washington, D. C.
R. A. Schnabel	Field Representative, California Cannery and Growers, San Francisco
Ronald A. Schuler	Field Representative, California Cannery and Growers, San Francisco
Harry Schuyler	Director, Great Lakes Cherry Producers Marketing Cooperative, Grand Rapids, Mich.

Robert Schwerin	President, Oregon-Washington Pea Growers Association, Milton-Freewater, Oreg.
V. E. Scott	Manager-Secretary, Kadota Fig Growers, Inc., Planada, Calif.
Ray Sharkey	Director, California Canning Peach Association, San Francisco
Desmond Shearer	Director, Washington-Oregon Canning Pear Association, Yakima, Wash.
E. L. Showalter	President, California Processing Apple Growers Association, Sebastopol
William H. Sloan	Secretary, Apricot Producers of California, Los Gatos
Clarence Smith	Field Representative, California Canning Peach Association, San Francisco
Elton R. Smith	Michigan Farm Bureau, Lansing
Tony Spadafore	Field Representative, California Cannery and Growers, San Francisco
J. F. Spalding	Field Representative, California Cannery and Growers, San Francisco
D. R. Stanfield	Executive Vice President, Ohio Farm Bureau Federation, Columbus
Rolland C. Starn	Director, California Canning Peach Association, San Francisco
Vernon Stockwell	President, Washington-Oregon Canning Pear Association, Yakima
J. Kenneth Stern	President, American Institute of Cooperation, Washington, D. C.
A. L. Strausz	Director, Washington-Oregon Canning Pear Association, Yakima
Noel W. Stuckman	Coordinator, Market Development Division, Michigan Farm Bureau, Lansing
J. L. Sullivan	President, California Canning Peach Association, San Francisco
C. William Swank	General Manager, Ohio Agricultural Marketing Association, Columbus
Milo Swanton	Executive Secretary, Wisconsin Council of Agricultural Cooperatives, Madison
William Teesdale	Director, California Canning Peach Association, San Francisco
Charles J. Telford	California Freestone Peach Association, Modesto
Cruz Venstrom	Commodity Services, California Farm Bureau, Berkeley
Rodney Vertrees	Director, California Canning Peach Association, San Francisco
Henry J. Voss	Treasurer, Apricot Producers of California, Los Gatos
Harley D. Welch	President, Maine Potato Growers, Presque Isle
Milton White	Treasurer, Washington-Oregon Canning Pear Association, Yakima
Tom White	Director, California Cannery and Growers, San Francisco
A. H. Whitmore	General Manager, Florida Citrus Production Credit Association, Orlando
Clay Whybark	Secretary-Manager, Washington-Oregon Canning Pear Association, Yakima, Wash.

Walter W. Wightman
Robert C. Wilcox
Bliss Williams

Michigan Farm Bureau, Lansing
Extension Economist, University of Idaho, Boise
Director, California Canning Peach Association, San
Francisco

Ross Wurm
R. S. Young

Ross Wurm and Associates, Modesto
Field Representative, California Cannery and Growers,
San Francisco

M. J. Zanzi

Director, California Canning Pear Association, San
Francisco

ECONOMIC POSSIBILITIES AND LIMITATIONS OF COOPERATIVE
BARGAINING ASSOCIATIONS

Sidney Hoos, Professor of Agricultural
Economics, University of California
Berkeley, Calif.

I. Introduction

For the privilege and opportunity of being here and participating with you in this Sixth National Conference on Fruit and Vegetable Bargaining Cooperatives, I should first like to express my appreciation to Joseph G. Knapp, Administrator of Farmer Cooperative Service. We are all indebted to him for seeing that these annual conferences continue to go on.

It was also at his invitation that I was able to be at the First National Conference on Cooperative Bargaining Associations. At that time, I spoke on the subject, "The Use of Economic Information and Data in Cooperative Bargaining." There, I indicated the type of economic data and information which might be useful in preparing cooperative bargaining associations to do their job and how such data and information may be used. I am not at all sure that all of the points I then made were helpful, but I am sure that they were not consistently followed. Yet, we can believe that during the past half-dozen years or so, we have learned more about the type of economic information and data necessary in cooperative bargaining.

At this conference I see friends from California as well as from other States. Also, I see some new faces. There seems to be an infusion of new blood and new interest in cooperative bargaining. But what is encouraging is the extent to which the so-called oldtimers are sticking with it.

Six years is not a long time in the evolution and development of such an idea and an institution as cooperative bargaining. But during the past 6 years much has happened, and we hope that a little bit has been learned. Some hopes have been crasned, and some aspirations have emerged. Perhaps we are beginning to take a more realistic, and, at the same time, a more effective outlook on cooperative bargaining associations. We are learning something about their economic possibilities and limitation. Some of these you have experienced in your daily operations, and a few things we have uncovered through the study of cooperative bargaining.

As one studies the record of cooperative bargaining in fruits and vegetables, it is not easy to find useful materials. An important source is the Proceedings of these annual conferences prepared and issued by the Farmer Cooperative Service. They are a lasting record of the problems, growth, and development of cooperative bargaining associations in fruits and vegetables in recent years.

As one reviews the Proceedings of the past five conferences, one finds that they include a mixture of various types of things. Outstanding is a flavor of what might be called "mutual admiration" combined with "mutual wailing." There is a feeling of patting each other on the back, perhaps more as a sign of encouragement than a job well done. But most important is that the Proceedings serve as vehicle for the exchange of ideas. Cooperative bargaining in fruits and vegetables has grown considerably, at least in terms of the number of associations during the past half-dozen years. But those working in the day-to-day operations have little time to study and to analyze what has actually been happening.

What are the economic and marketing developments affecting cooperative bargaining? In order to learn more about the basic economic influence underlying cooperative bargaining, during the past several years we have been making an economic-marketing study. 1/ It carries forward and updates some of the materials in the pioneering work on cooperative bargaining associations by Wendell McMillan and issued as a Farmer Cooperative Service report. 2/ Our study, however, takes a different slant. We stress the economic analysis of the basic influence determining the outcome of cooperative bargaining. The study itself is rather technical in nature, but here I will summarize in general terms some of the highlights and conclusions. In so doing, I shall not cite figures or present equations.

In the following comments, I shall first set forth some general economic considerations that pertain to cooperative bargaining. Then, I will indicate some of the economic findings and results of the study. These will be considered in two ways. First, by reference to some limitations which should be recognized in the cooperative bargaining;

1/ Using newly compiled data and materials, and building on earlier work, a phase of the study has been completed recently and is presented in Peter G. Helmberger, Cooperative Bargaining In Agriculture (Ph. D. dissertation, Department of Agricultural Economics, University of California, Berkeley). We are now preparing papers and a report for publication.

2/ Reference may also be made to the early work of G. Alvin Carpenter, The Organization and Operations of the Utah State Canning Crop Growers Association, AES Bulletin 394, Utah State University, Logan, Utah.

and second, some potentials or possibilities available by cooperative bargaining. Such considerations will be followed by some general points concerning the current situation and the prospects for cooperative bargaining. But now let me emphasize that my comments will be broad ones which pertain to cooperative bargaining associations in general. Each crop in each region, however, has its own special situation. Hence, I ask you to interpret my comments as general statements which may have to be qualified in light of your own particular problems. Yet, at the same time, we must recognize that certain general principles and economic relationships underlie cooperative bargaining.

II. Economics Considerations

In the study of cooperative bargaining, one must have a systematic framework around which to make the analysis. There is no point in just collecting a lot of statistics and information and mixing them together. The data and information make sense only with reference to a logically sound and organized way of looking at them. One method of doing this includes consideration of the market structure in which the cooperative bargaining association operates. Then, attention is given to the market conduct and market strategies of the parties participating in the market. Next, recognition is given to the performance of the various parties participating in the bargaining. Associated with this market structure-conduct-strategy-performance approach is the vague notion of bargaining power. But before commenting upon that, let me say a few words about market structure.

Market structure involves the numbers and types of participants in cooperative bargaining, both buyers and sellers; the size distribution of buyers and of sellers; and the types of products bought and sold. All of these various influences enter into what we call the market structure. The market conduct and strategy refer to the behavior of the buyers and sellers in the market. To what extent do these buyers and sellers pay attention to the behavior of their competitors and their customers? To what extent do the actions of one party affect the actions of the other party? In what way do the actions change over time, if they do?

In light of the market structure, conduct, and strategy, one may then consider market performance. What are the results of the actions of the various participants in the market. What are their objectives? How well do they succeed in reaching their objectives? The success in meeting these objectives may be compared with various standards. It is this type of approach which we used, in conjunction with certain economic principles and relationships, to investigate cooperative bargaining in fruits and vegetables.

In the discussion of cooperative bargaining, one hears much about bargaining power. It certainly is a useful notion, but it is also a vague one. What is really meant by bargaining power? In our thinking, bargaining means the ability to change or to maintain a price or some other term of trade. Bargaining power is a convenient phrase to sum together all of the various economic and institutional forces which affect the price-making process. Underlying bargaining power are elements such as the objectives of those doing the bargaining, their skills and know-how in negotiation, and the organization and administration of various types of devices to attain objectives.

Bargaining power is used, or should be used, to represent the manipulation of market factors to create price or terms of trade more favorable than those prevailing or that would prevail otherwise. Without bargaining power, a group is not in a position to manipulate the influences affecting price or other terms of trade. The very organization of a cooperative bargaining association is for the purpose of creating and then utilizing bargaining power in affecting the price-making process. But the conditions for bargaining power may exist, without being used effectively. Involved is the matter of strategy and skill in bargaining which I shall later comment on again.

When we come to examine the performance of the cooperative bargaining association, we are faced with a difficult problem. How does one measure the performance of a bargaining cooperative? In other words, how does one measure and judge whether a cooperative bargaining association is successful? What is meant by success? One way of looking at this is to say that by "success," we mean survival. If an association continues in operation year after year, one might say that that in itself is evidence of success.

But such a view can well be misleading. In fact, our study suggests that survival and continuation of operations is not a meaningful measure of success. When the results of the operations are analyzed, there can be evidence that the association acts as if it were a captive of its own customers. As there can be a captive union, there also can be a captive cooperative bargaining association. An association may continue to survive without having a measurable effect on price or terms of trade; the results are the same as if there were no association. In the measurement of comparative performance, there are involved quantities, prices, net income, and their behavior over time. No one single measure is sufficient to give complete evidence on the success and results of cooperative bargaining.

Price is, perhaps, the most important index of performance, but by looking at price alone, one gets only an incomplete picture. For the fact may well be that a prime objective of a cooperative bargaining association is creating and taking advantage of what might be called fringe benefits.

The measurement of these fringe benefits is extremely difficult. How can one measure, for example, the value of being insured that sufficient lug boxes are available at the right places and the right time? Or, how can one measure in dollars and cents the value of having equitable and uniform contracts? Yet, these types of fringe benefits certainly are important. Hence, in considering the success and the results of cooperative bargaining, one must take a multidimensional approach, certainly paying attention to price, which is the most important single element, but also recognizing the importance of other objectives of cooperative bargaining associations.

The interactions between market power, market conduct, and strategy are reflected in the outcome of cooperative bargaining in affecting the price-making process. Under certain types of market structure, the possibilities for a cooperative bargaining association to operate effectively are very small, whereas in other types of market structure the possibilities are very attractive. Thus, in considering whether there is an opportunity for cooperative bargaining in a particular region for a particular crop, one of the elements to be considered is the type of market structure prevailing in that crop in the region.

III. Economic Findings and Indications

Before sketching some economic findings and indications from our study, let me give a slight warning. It must be recognized that in a particular crop in a given area in a single season "almost anything can happen" -- and usually does. Thus, the generalizations we shall make about the findings reflect tendencies over a period of time. They need not apply to every crop in every region and year.

Also, attention must be given to the market demand situation in the crop being considered. If it happens that the market demand is expanding faster than product supply, we have a situation much different from one where the market demand is stagnant or even declining. The relative rates of expansion in supply and demand certainly affect price and other terms of trade. The effects on price that stem or flow from cooperative bargaining are superimposed upon and intermixed with effects of other economic influences operating in the market.

Hence, a problem in the study was to analyze in such a way that we could isolate the effects of cooperative bargaining itself and determine those effects separate from those of other influences operating in the market. The measurement of cooperative bargaining on grower price is essentially an economic-statistical problem of untangling the very many economic forces which interact to form a market price. These forces may be of local, national, or even international origin; they may be economic, legal, sociological, or psychological. The objective is to disentangle from all of these various influences the measurable economic effects of cooperative bargaining.

Not only is that an extremely difficult task, but you are correct in looking with suspicion on anybody who says he knows the full and accurate story of the cooperative bargaining results. We do not take that attitude. What we say is that out of our investigation, we believe we have developed some reasonable and suggestive hints and indications.

One of these is that the market structure and the nature of competition between buyers and sellers have an effect on what cooperative bargaining can do for its farmer members. Of particular importance is the type of competition among processor-buyers for the raw product. Further, we can say that the economic results of cooperative bargaining are closely related to the degree of independence in the raw product buying practices of processors. The results differ if the processors, either consciously or unconsciously, act in some sort of collusive way. This is not meant to imply that open collusion is practiced; but it is clear that the effects of cooperative bargaining depend upon whether or not there is independence in the procurement practices of buyers.

If there is independence in the procurement practices among buyers of processing fruits and vegetables, and to the extent that the buyers' behavior is more and more competitive, the potential gains to farmers from cooperative bargaining diminishes. Hence, if there is perfect competition among buyers, and this is only an ideal limit which is never attained, there would not exist any possibility of farmers gaining an economic advantage through cooperative bargaining. But when and where perfect competition does not exist among raw product buyers, there is an opportunity for gain to farmers through cooperative bargaining. The lesser the competition among processors for a given crop in a given region, the greater is the potential price enhancement available through cooperative bargaining; and conversely, the more vigorous the competition among buyers, the less potential there is for long-run price-enhancement. But potential does not necessarily mean success. There is a difference between a potential for and the achievement of success. Whether the potential is achieved depends upon the skill and strategy in the bargaining.

A major reason why the greater the competition among buyers the less the potential for price enhancement through bargaining is the fact that cooperative bargaining itself brings no control over a raw product output. Cooperative bargaining associations generally are not in a position to practice product dumping or disposal. In those cases where a volume-control marketing order is in operation, and it is handled effectively, there is a greater potential for success on the part of the cooperative bargaining association. In a particular case where there is monopolistic competition among raw product buyers, and there is also a volume control mechanism through a marketing order or some other means, then there can be substantial potentiality for price enhancement through cooperative bargaining. Whether the potential is achieved, however, depends on the strategy and skill in bargaining.

Skill and strategy in cooperative bargaining, at this stage of our knowledge, are certainly more art than science. It is not anything that one can learn necessarily by reading books or taking lessons. But, there may well be points, practices, and certain know-how ideas which can be dredged from the experience of those who have proven to be successful negotiators and bargainers; and those practices and experiences, perhaps, can be communicated to others.

As a result of our studies, it becomes clear to us that in some instances cooperative bargaining associations do have the potential in terms of market structure and the opportunity for affecting in a favorable way their growers' returns; but those potentials are not achieved because the bargainers for the association do not have adequate bargaining know-how and strategy. This is something which this or some other appropriate group should take in hand to see if there is not some way where the art of successful negotiation and bargaining can be disseminated for the benefit of those who need such help.

Another point I wish to touch upon, again in a general way, concerns the quantitative effect of cooperative bargaining on price. One of the questions most often asked is, "How much effect can cooperative bargaining have on price?" In studying this question by economic-statistical means, unfortunately we do not come up with a very attractive, simple answer. The results are too diverse, assuming we are successful in our analysis.

But I can make the following generalization with a reasonable degree of confidence. For those associations which have been active during the past 6 or so years, it is clear that most of them do not have a real lasting effect on price. It may be that in particular seasons more favorable prices are received by the associations than would have been received without bargaining. But that does not happen for every association each season; and in a good many cases for some associations it hardly ever happens.

We can also say with reasonable confidence that it is very rare that a lasting price-enhancement of as much as 10 percent emerges. A conservative estimate would be that a successful bargaining association might increase its grower price from about 2 to 10 percent; and these are figures which apply to successful cooperative bargaining associations. The unsuccessful ones have no price-impact; and there is evidence that in some cases the prices received by farmers might even have been a bit higher if the association had not been in operation. Involved are ill-advised timing, poor skill, weak strategy, and the lack of bargaining know-how.

In some circumstances, cooperative bargaining cannot be helpful to farmers; in other circumstances, it can be helpful, but is not exploited effectively; and under certain conditions there are gains to farmers from cooperative bargaining associations -- if they have the skill and the know-how in cooperative bargaining, if the market structure is favorable, and if supply response is not too sensitive so that supply is expanded much more rapidly than demand. Generally, the results of successful cooperative bargaining associations are not as substantial as some exponents believe or declare. Yet, the results of successful cooperative bargaining, even if not as large as some people like to say, certainly can be meaningful and well worthwhile to grower members.

VI. Some Limitations

Having touched upon some of the potentials and limitations of cooperative bargaining associations, I should now like to comment further on these aspects. Without going into a detailed explanation, it is clear that some of the limitations faced by cooperative bargaining associations are the very ones applying to agricultural cooperation in general. This involves getting membership interest and maintaining membership, a subject which was considered in substantial detail at previous conferences.

Another limitation is that cooperative bargaining associations must operate within existing legal and institutional boundaries. As pointed out to participants in earlier conferences, cooperative bargaining associations are not completely free from antitrust legislation. There are certain legal and institutional boundaries which must be respected and within which cooperative bargaining associations must operate.

Further, there is the point -- which is sometimes forgotten -- that the cooperative bargaining association must accept and do the best it can with the basic supply and demand situation in its particular product and region. Only a few of the cooperative bargaining associations, and these are special cases, are in a position to influence the basic supply situation, as can be done through participation in marketing order. But even here, effect on supply is short run in nature. From the longer-run view, however, the supply situation cannot be dominated by the working of the marketing order. Hence, the basic supply and demand situations and their economic constraints apply to cooperative bargaining associations as they do to other forms of business. The association can only exploit, within legal boundaries, the existence of particular supply and demand situations. This must be done through the technique, skill, and art of negotiation -- if the circumstances for successful cooperative bargaining exist.

Another limitation that must be recognized in cooperative bargaining concerns the particular type of crop being considered. When it is one of single-use, as only in canning, the bargaining is more manageable than if the crop has multiple use such as fresh, canned, dried, and frozen. Where the varieties, maturing dates, harvest periods, sizes, grades, and so forth, become more numerous, the bargaining problem itself becomes more complicated. The more simple these types of things are, the less the limitations; the more complicated, the greater the limitations.

Another limitation is the difficulty in the acquisition and maintenance of bargaining power. The power may be potential, but to be effective, it must be acquired and used appropriately. Here we have the notions of short-run and long-run bargaining power. Even if an association has short-run power, it may not be able to maintain such power over a period of time. This may be due to the fact that supply might be out-racing demand so that whatever marketing or bargaining power did once exist is eroded away by the basic supply-demand situation.

In talking about limitations, it is quite common to compare cooperative bargaining associations with unions. There are some similarities, but the dissimilarities and the differences are very important. One major difference is that unions not only have the power to strike but have legislative sanction under prescribed conditions. What are the corresponding tools available to the cooperative bargaining association? Unfortunately or fortunately, depending upon how you look at it, the cooperative bargaining association really does not have the strike tool as does a union. In other terms, cooperative bargaining associations

do not have coercive devices that they can in fact and practically employ. It is only in terms of theory that a cooperative bargaining association, even if it represents a substantial proportion of the tonnage, would take the step of withholding its supplies over a substantial period of time to the point where the crop would be destroyed and the growers would receive no return. If such were to happen, it is likely that grower membership would not have enough "stick-to-itiveness" and the cooperative would not continue in existence. In fact, some associations have clauses in their sales contract which provide for delivery of the mature crop and its processing even if the price has not yet been established. Rather than having coercive devices, as the striking power of a union, a cooperative bargaining association must depend upon persuasive devices. But they are effective only if there is skill in bargaining and know-how in negotiation, as touched upon earlier.

From the standpoint of economics, perhaps the most serious limitation facing cooperative bargaining associations is that they have no control over volume. Here, I am excepting those several associations which, although they do not by themselves have volume-control, do have a voice in such matters through participation in certain types of marketing order programs. But, in general, unless the association has a control over volume, it is faced with a limitation in its bargaining.

Another limitation faced by cooperative bargaining associations is that they cannot always counteract the various strategies which processors may use in attempts to weaken the cooperatives. Although one might build a case that an effectively and judiciously operated cooperative could be to the advantage of processors in various areas, it is not unusual for them not to be happy over the existence of bargaining cooperatives.

However, the processors may use various strategies to undermine the existence and the effectiveness of the cooperatives. The strategies available to the cooperatives to counteract the processors are, in general, rather weak. In this respect I am sure you should all pay attention to the recent California State law concerning discrimination by buyers towards bargaining cooperatives or their farmer members. This legislation has not been tested in the courts but has certain features that may be attractive to bargaining cooperatives in other States. It may well be worthwhile to consider how comparable legislation with similar objectives might be enacted in other States where cooperative bargaining associations are in operation. Perhaps, with legal advice, consideration may be given to whether this type of legislation might be advisable for enactment at the national level.

V. Some Possibilities

In considering the economic possibilities of the cooperative bargaining associations, one must clarify their real objectives. One may well say as a simplification, of course, that these objectives are the improvement

of price and other terms of trade. The other terms of trade include many things such as a reduction of buyer discrimination among growers. This can be approached through the adoption of uniform contracts.

Another objective may be increased stability in price over time, where stability is not to be confused with the level of price, or objectives may include improved grading and delivery conditions. An objective may be the furnishing of information to growers for improved practices so there will be the cost reduction in growing the crop and increased efficiency in grower-processor markets. These are fringe benefits not to be neglected as worthwhile objectives supplementing that of price enhancement. Our studies suggest that these types of fringe benefit objectives are an important area for the economic potentials and possibilities of cooperative bargaining associations. In fact, there is evidence that some associations have not been very successful in the enhancement of price itself but have made significant contributions to grower welfare through the fringe benefit approach.

The increase of uniformity in contractual arrangement with buyers, through improved and uniform contracts, is in the area where substantial progress has been achieved and further progress can be made by other associations. The dollar and cents value of this type of a possibility certainly cannot be measured but can be judged as being extremely worthwhile to growers.

Another area in which cooperative bargaining associations can increase their usefulness and exploit economic possibilities is through an improvement in their role as an agency for the study and analysis of economic facts that should be known by the membership, board of directors, and management of the cooperative bargaining association. Each crop in each area has particular types of data and information it should have, and the cooperative bargaining association is a logical vehicle to gather, sift, and disseminate relevant information. Furthermore, the association officers and management can serve as an effective mouthpiece or spokesman for the growers of the crop in general, as well as for the membership.

This role is important not only in terms of public relations but even more so in terms of legislative impact. One might touch upon other economic areas of possibilities, such as terms of trade including hauling allowances, special premiums for grades and sizes, and the provision of lug boxes.

Yet, there is another area of economic possibilities which provides room for work by cooperative bargaining associations. Where there is a potential for price enhancement, and through skillful bargaining the potential is exploited, at the same time the association can act as a catalyst in encouraging procurement -, processing -, and marketing - efficiencies to lower the costs incurred by processors. Such cost reductions on the part of processors may, in part, pass on to the consumer and have an effect on consumption of the final product, which is certainly of interest to growers.

Marketing effects can also be obtained through cooperative bargaining associations working with processor groups toward market development and expansion. You certainly are familiar with examples of such activities. Successful cooperative bargaining can induce canners to be "on their toes," not only in procurement but also in processing and marketing. Such alertness and progressiveness can lead to improved efficiencies, with the gains available for distribution among growers, processors, distributors, and consumers.

An important possibility of effective cooperative bargaining is that it can restructure competitive relationships among processors. Here is involved the question of market shares and tonnage shares. Processors generally are jealous of their market position, and this is an attitude which often can be exploited by cooperative bargaining associations. But this can happen only where a chronic surplus situation does not prevail. If the crop is not too large, so that all processors are uncertain about getting as much supply as they want, the competition for the crop among processors in order to maintain their market position is something which can react to the benefit of the cooperative bargaining association.

Continuing with economic possibilities of cooperative bargaining, I think more attention should be given to the problem of cooperative bargaining by the same association for two or more products compared with a single one. It is true that there are some associations which, on paper, deal with more than one product. But in terms of the actual negotiation itself, the bargaining goes on product by product. A case may be built that if bargaining is done in terms of groups of products, there may well be benefits for both processors and growers. This is particularly so where the products involved are complementary in processing and competitive in consumption. Here is an area which needs further study, but one which cooperative bargaining associations should be discussing.

Another possibility concerns the type of price offer made by the bargaining cooperative to its processors customers. The usual offer is a single price which, if not accepted, is replaced by another single price--the type and method of replacement depending upon the particular association. There has been some experience with bargaining in terms of a price schedule, where the price is related to the size of the crop to be processed. You have heard about this in connection with reports as to what has happened in processing citrus in Florida, or canning olives in California. Such an innovation occurred in California cling peaches last year. This approach has much merit and promise and may well deserve consideration by more bargaining associations. There are certain economic implications, however, that should be recognized. The approach makes sense only if the price-volume schedule can be established so as to reflect sound economic relationships. This requires economic-marketing knowledge of the raw product demand facing growers of the product.

There certainly are economic possibilities for cooperative bargaining associations--but only if certain conditions prevail or can be brought about. It is not correct that there is no opportunity for cooperative bargaining to benefit growers. But it is also not correct that cooperative bargaining must result in gains to growers. In some cases, such associations have a valid role to play and a job to do; while in other cases, cooperative bargaining by itself can lead only to frustration and disappointment. The problem must be considered case by case, which means crop by crop in each particular region. I, myself, have little patience with the notion that cooperative bargaining is a cure-all for farmers. Such preaching--of which we are having too much--is misleading. Nor is it sensible to repeat the oft-stated argument that bargaining cooperatives cannot really be effective in the long-run since their short-run success leads to their long-run failure; that is, their short-run success in pricing leads to expanded production which in turn drives price down again. To the extent that such reasoning is valid, it applies to all types of business, not only cooperative bargaining. It is true that in the long run we are all dead, but that does not mean that in the meantime we should not try to do the best we can for ourselves within the economic, legal, and institutional boundaries within which we have to operate.

These boundaries are not rigidly fixed over time. Although they may prevail in a given season or in the short-run, over a period of time or in the longer run, some of the boundaries may be altered. Efforts can be made to influence both the supply and demand situations, and these are indications of some success in certain cases in that direction. That such changes may be extremely difficult to accomplish does not mean that they should not be considered or attempted if the prospect for success are reasonable, even if they are not certain. In fact, to work along such lines, it may be necessary to alter the legal and institutional boundaries. This also is not easy but has been done before and can be done again. In brief, among the possibilities of cooperative bargaining should be included changing over time the boundary conditions under which the bargaining takes place.

VI. A Few Further Points

In the farm press and other places in the last year or so, there have been various comments about cooperative bargaining associations and the role they may play from the viewpoint of national farm policy. In the talks and speeches by those in important positions, the phrases--bargaining power and marketing power--appear frequently. Some people have suggested that the real answer for agriculture in this country is tremendous expansion in farmer cooperative bargaining, through which, it is argued, farmers can acquire the marketing and bargaining power to improve their price and income situation. Our own studies to date indicate that such comments are far wide of the mark and might well be misleading.

As indicated earlier, it is only in certain circumstances and under special types of market situations that cooperative bargaining does have the potential to improve the price and income position for farmers. These situations do not prevail in all farm crops. There is nothing in the cooperative bargaining mechanism by itself, and particularly in those cases where legislatively permissive volume control is not available, which suggests that cooperative bargaining is the answer to the general farm problem. For the real farm problem, the basic supply-demand situation is the underlying dominating force. The basic supply-demand situation is not something that can be handled or made to disappear through the institution of cooperative bargaining associations. Where, because of technology and other forces, the race between supply and demand continues, but supply increases at a greater pace than demand and chronic surpluses are generated, the answer to the farm problem is not cooperative bargaining, at least the type with which we are familiar and presently envisage. For that reason, one may well wonder as to the outcome of certain developments that are now going on.

You are all familiar with the encouragement of cooperative bargaining associations through the American Agricultural Marketing Association under the auspices of the American Farm Bureau Federation. This is a constructive and conservative, although perhaps somewhat belated movement. It is certainly a welcome and worthwhile one which has the potential for good work in certain places. Yet the question may be raised whether sufficient discrimination is being applied as to whether cooperative bargaining associations are the answer for particular types of problems. As I have noted earlier, the existence of an unsatisfactory low price to farmers, by itself, is not sufficient reason for believing that cooperative bargaining associations is the answer. In a good many such cases, a cooperative bargaining association cannot do anything worthwhile, and can do much that is not worthwhile in the sense that it can disappoint those who put too much faith in it.

There is another movement developing in the area of cooperative bargaining, at least in the minds of many people. And this is through the National Farmers Organization, with which some of you are familiar, and which is active in the Middle West in some of its major crops -- not yet in fruits and vegetables, but in such items as hogs. The approach of the National Farmers Organization is to draw upon and use what might be called coercive as well as persuasive devices. In fact, the NFO talks in terms of an "all-out holding action." If not a strike, at least a temporary stoppage is meant to hold products off the market in order to force an upward price adjustment. I am not saying that such an approach cannot be undertaken. What I am saying is that, in my judgment, such an approach is not really an effective lasting solution to the type of problem faced by corn and hogs. At best, it can be only a very temporary alleviation that might benefit a certain group of farmers in the short run, while hurting distributors, and particularly consumers; and, in the longer run, rebound to the distress of the farmer themselves.

Yet, we should not be surprised that at sometime in the not too distant future, under the name of cooperative bargaining, these types of coercive devices which are equivalent to the strike will be encouraged, and might even be used. There might well even be some temporary successes. But my judgment is that--given our present legislation, institutions, and political and economic structure--these cannot be more than very temporary successes. Holding hogs off the market, done sufficiently strongly and over a wide enough area, certainly can affect their price. But what happens when the question is raised, "Are those hogs going to be slaughtered by the farmers?" Or, what happens when the hogs are later released on the market? These are the types of questions which have to be carefully considered.

I am not evaluating the organization and operations of the National Farm Organization--that is a separate question. The point I want to make is that....in the minds of legislatures and of the public there is not a sufficiently sharply, clearly defined, and articulate distinction between the types of cooperative bargaining associations in fruits and vegetables that we are talking about here today, and the "all-out holding action" and other operations envisaged under the N.F.O. operation. Yet, there are important and essential differences.

There is one more point I should like to touch upon. It concerns the interests of some of the cooperative bargaining associations represented here today. It is of importance to all of us, particularly those cooperative bargaining associations that are involved in crops for which export markets are important. You have all heard about developments in the European Common Market, and that of the United Kingdom, which is our most important export market for processed fruits and vegetables, is now negotiating for entrance into the Common Market. There is now beginning to crystallize what is likely to become a national debate in the real and better sense of the word. A choosing-up of sides is already taking place. The export-import policies and practices of this country are at stake. Here are involved our attitudes toward the questions of imports, exports, tariffs, and quotas, and how trade agreements are to be negotiated.

Our potential exports for canned fruits and vegetables are very likely to be affected by what happens in the European Common Market. Hence, the arrangements that this country will eventually develop to meet the Common Market situation must be of concern to cooperative bargaining associations dealing with export commodities in canned fruits and vegetables. Each one of the associations should begin to formulate its own position at this stage because, in the not too distant future, the voice of the public, including the voice of the farmer, will be called upon in Congress. This is an area in which each cooperative bargaining association, acting as a spokesman for its particular crop and region, has a vital role to play.

In closing, may I have your understanding for only very briefly sketching some notions about the economic possibilities and limitations of cooperative bargaining associations, particularly those in processing fruit and vegetables. The statements I have made have been generalizations which need not hold in all cases; each of you must examine your own case. I have tried to bring to your attention that cooperative bargaining has not only potentials, but also limitations. The limitations are serious; but some, although not all, can be overcome. For some crops the possibilities exist, even if they are not as large as various commentators would like to see them or indicate in public pronouncements. Whether there are possibilities or not depends upon the existence of certain economic and institutional conditions which I have touched upon in terms of market structure and supply-demand relationships; but for the possibilities to be achieved, the bargainers must have the skill and know-how to bargain. The potential gains from cooperative bargaining, even if less than some enthusiasts believe, are meaningful and worthwhile for fruit and vegetable growers.

NEW DEVELOPMENTS IN FEDERAL MARKET ORDERS
FOR FRUITS AND VEGETABLES

Floyd F. Hedlund, Director
Fruit and Vegetable Division, Agricultural Marketing
Service, U. S. Department of Agriculture, Washington, D.C.

New Developments in the Field of Marketing Agreements and Orders

The most significant recent developments in the field of Federal marketing agreements and orders for commodities other than milk are the amendments to the Agricultural Marketing Agreement Act that were passed last year as a part of the Agricultural Act of 1961.

Of these several amendments, perhaps the most important is that extending authority for marketing orders to several new commodities or commodity classifications. One such change applies to apples. Previously, Federal marketing orders could be issued for apples (except apples for canning or freezing) but only if produced in Washington, Oregon, and Idaho. Now, marketing orders also are permitted for apples for fresh use, canning, or freezing if produced in the New England States, New York, New Jersey, Maryland, Michigan, Indiana, or California.

Authority for marketing orders for fruits or vegetables to be used for canning or freezing previously was limited to grapefruit, olives, and asparagus. This has now been extended to make such orders available to producers of cherries and cranberries, and apples except as limited above. However, before any marketing order for cherries, cranberries, apples, or grapefruit for canning or freezing can be issued, it has to be approved not only by the usual two-thirds of the producers, but also by processors of not less than 50 percent of the volume of the crop processed.

Peanuts also were added to the commodities for which marketing orders can be issued, although a national program is prohibited by a provision that not single order can apply to more than one of the three major peanut production areas.

With the new additions, marketing orders can now be issued for all fruits and vegetables and their products and for hops, peanuts, walnuts, pecans, almonds, and filberts, with the following limitations:

1. Orders on apples are limited to those grown in the States of Washington, Oregon, Idaho, New York, Michigan, Maryland, New Jersey, Indiana, California, Maine, Vermont, New Hampshire, Rhode Island, Massachusetts, and Connecticut.

2. Orders on fruits and vegetables for canning and freezing are limited to asparagus, olives, grapefruit, cherries, and cranberries, and to apples grown in New York, Michigan, Maryland, New Jersey, Indiana, California, Maine, Vermont, New Hampshire, Rhode Island, Massachusetts, and Connecticut.
3. Orders covering canned or frozen products can be issued only for asparagus and olives.

Besides these fruits, vegetables, and nuts, marketing orders now are authorized for any agricultural commodity (but not its products), except honey, cotton, rice, wheat, corn, grain sorghums, oats, barley, rye, sugarcane, sugarbeets, wool, mohair, livestock, soybeans, cottonseed, flaxseed, poultry, and eggs. Turkeys and turkey hatching eggs are not expected, which means that marketing orders can be utilized by these industries.

A marketing agreement, of course, can be entered into covering any agricultural commodity or product thereof.

Another amendment provides that (a) commodities of the same general class and used wholly or in part for the same purposes may be combined and treated as a single commodity under a marketing order and (b) the portion of an agricultural commodity devoted to or marketed for a particular use, or a combination of uses, may be treated as a separate agricultural commodity.

A third amendment provides that, in the case of a new marketing order, the U. S. Department of Agriculture: must conduct a referendum among producers or processors to determine whether the issuance of the order is approved or favored by producers as a means of determining whether producers favored issuance of a proposed order, but as a matter of policy such a referendum always has been held.

Similarly, if an amendment to an order is being proposed, it has been the policy to conduct a producer referendum. The only exceptions to this are a very few instances where a cooperative or cooperatives, representing a large majority of the producers in the industry, indicate they would cast a block vote for their members on the proposal. An additional requirement under this amendment is that the terms and conditions of the proposed order must be described in the ballot used in the referendum.

A fourth amendment modified Section 3(e) of the Act by adding to the commodities for which import regulations must be issued by the Department. The Act requires that whenever there are grade, size, quality, or maturity regulations under a Federal marketing order in effect on certain specified commodities produced in the United States, imports of these commodities must be subject to the same or comparable regulations. Under this amendment, the following commodities, in addition to those already covered, were made subject to import regulations: Oranges, onions, walnuts, and dates (other than dates for processing). Commodities previously covered

under this section of the Act included tomatoes, avocados, mangos, limes, grapefruit, green peppers, Irish potatoes, cucumbers, and eggplants.

A fifth amendment further relaxes the prohibition against regulations under a marketing order whenever the farm price for the commodity regulated exceeds parity. This amendment provides that, if regulation has been initiated during a marketing season and prices subsequently reach or exceed parity, the regulation may, nevertheless, be continued for the remaining of the marketing season or marketing year, if termination of the regulation would disrupt the orderly marketing of the commodity. Previously, if grade and quality regulations were in effect and prices exceeded parity, it was necessary to drop back to minimum standards of quality and maturity for the remainder of the season; volume regulation, such as under a set-aside program, had to be terminated under these circumstances.

A final amendment reduced the penalty for a person guilty of exceeding a quota or allotment fixed for him under a marketing order program from a sum equal to three times the current market value of the excess to only the current market value of the excess at the time of violation.

These amendments, which were enacted as part of the Agricultural Act of 1961, are but one indication of the current high level of interest in Federal marketing orders and agreements among producers and handlers in the fruit and vegetable and related industries. Another indication is the fact that we now have in effect a record large number of Federal marketing order programs for fruits, vegetables, and tree nuts -- 44, in fact, including 25 covering fruits and fruit products, 9 for potatoes, 7 for other vegetables, and 3 for tree nuts.

DEVELOPING LEADERSHIP IN BARGAINING ASSOCIATIONS

G. Alvin Carpenter, Extension Economist
University of California
Berkeley, Calif.

In approaching my assignment today, I would like to begin by referring to a talk which Joseph G. Knapp, Administrator of Farmer Cooperative Service, gave some years ago when he was discussing the future of farmer cooperatives. In his remarks he said, "The future of farmer cooperatives depends upon the co-ops themselves," and he emphasized such factors as the following:

1. Wise and inspired leadership.
2. Continuous education of leaders, members, and the general public.
3. Efficient performance and managerial competence.
4. Sound organization structure.
5. Planning based on research.
6. Provision for ample financial resources.
7. Ability to attract and keep personnel.

We all agree with Dr. Knapp that these seven points are very important to the success of any farmer cooperative, whether it be a bargaining association or a regular marketing type cooperative. In my assignment, I will attempt to explore with you the first two points emphasized by Dr. Knapp. Note that he said, "Wise and inspired leadership and continuous education of leaders and members."

Does your Cooperative Need Leadership Development?

Looking ahead in the decade of the states, we see a period of increasing competition in the marketing of farm products. The number one requirement for success in marketing will be skill in management. Farmers and their cooperatives will have to meet fewer, stronger, and more demanding buyers. Such buyers will impose more exacting specifications. Competition will force these standards to be met. There will be continuing pressures to increase efficiency all along the line from production through the marketing channels to the consumer. These pressures to increase efficiency in marketing will result in farm products moving through fewer but larger outlets and will mean elimination of some small, less efficient units and consolidation of others.

These are only a few of the challenges to American agricultural leadership. What can your cooperative do to meet these challenges? Will your officers and members have the imagination and initiative to make necessary adjustments to meet economic changes, or will they be too hide-bound, too paralyzed by inertia to move?

Many agricultural cooperatives have experienced a long and steady growth in the past, but there is no guarantee that this trend will continue. The answer lies in how well cooperatives make necessary changes to meet current problems. The success of changes in operating practices depends greatly on the foresight and ability of the leadership in any organization. Nothing stays fixed for long these days. Leadership must continue to take on new ideas and be flexible to meet the problems ahead. Meeting tomorrow's problems successfully may mean revamping some research and educational programs to improve leadership and management abilities so co-ops can have more strength from within.

What bargaining associations have accomplished thus far has been due mainly to the vision and tireless efforts of a limited number of leaders and well-informed charter members. The first generation has prepared the ground well. Further progress depends on how well the second-generation leaders and leaders of newly formed groups understand their job and perform it. There are too many successful cooperatives today that would be in difficulty tomorrow morning if something happened to their general manager.

Cooperatives have much at stake in developing leadership. They are democratic-type organizations; thus their success is based on leadership development among their members and future executives. The theory and practicability of the cooperative way of doing business have been firmly established. The challenge is up to the membership, the directors, and officers to vitalize this method of doing business so that it answers the problems of the members and meets current-day needs. Leadership development for key positions in cooperative organizations is a must as we look into the future.

Many of us may be content with how our organization now functions. We may feel there is no need to get too excited about setting up a program to improve present or develop new leadership. On the other hand, a little introspection and self-analysis are good for each of us. It may jar us to find how our organization actually is functioning and what the possibilities for improvement might be. We may find that our "get up and go has got up and went." Let me illustrate what I mean by throwing a few key questions at you:

1. Are your sources of economic and market information adequate and up-to-date so as to give the necessary aid and guidance to bargaining negotiations?
2. Are you developing new strategies and methods to enhance bargaining power and skills for negotiations?
3. Do you have a sound legal basis for present and future operations? Does legal structure meet the requirements of State and Federal statutes and also fit the needs of the association?
4. Are your members adequately informed concerning objectives, current problems, and operating policies so they are willing to respond to the needs of the association and give it the support necessary to do an effective bargaining job?
5. Is the financial structure such that the association can meet today's and future operating problems?

6. In other words, are you geared up to meet the problems of change?

These are some of the questions that we might ask ourselves to determine whether or not we need a program for leadership development within our association. If the answer is "yes", then our next problem is to determine the type of leadership program to develop, how it should proceed, and who is to get the training.

What Type of Program?

The leadership training program in any organization should be developed in terms of the basic objectives of that organization. Such objectives should continuously be kept in mind. In bargaining associations, we can say that the prime objective is to increase the bargaining power of producers by bringing together under contract a large number of producers who agree that their products shall be sold through their association, thereby giving it the power to bargain for the sale of a large quantity, if not the entire supply, of products in that particular market.

In addition to this, a bargaining association, to be successful, must endeavor to encourage production of products of superior quality, thus encouraging the demand for the product. Also, an important part of the association's objective is to secure favorable conditions under which the product is to be delivered to the purchaser. These then are the primary economic objectives of the bargaining association.

Looking at the problem more specifically, we can say that a leadership development program should center around the following goals:

1. It should be designed to help solve the current and potential problems of the organization.
2. Help provide ways of getting the important work of the organization done in the most efficient way possible.
3. Provide better ways to attract and hold members and accomplish the aims of the organization as specified in its bylaws.
4. Develop current and potential leadership for getting these jobs done.
5. It should aim to develop the members in their understanding and appreciation for the association such that they will be responsive to its needs and give it their full support.
6. It should provide guidance in evaluating the current operations of the association and also provide a better basis for making sound decisions for the future.
7. Officers of the association must constantly strive to improve sources of information and bargaining skills.

I do not believe that any of the collective bargaining associations now in operation have anywhere near reached their potentialities. Some weaknesses, which become evident after reviewing the above factors, are difficult to overcome. Some of these weaknesses are in the field of psychology and human relations. Others are in the field of economics.

As we review the attempts of some bargaining associations, often they have started with great enthusiasm and promise, only to end in discouragement and failure, principally because they attempted too much without having enough factors under control. The ground had not been prepared well enough.

Among the many factors important to the success of bargaining associations, three seem to stand out:

1. Positive control of enough tonnage to carry bargaining weight.
2. An adequate supply of the right type of marketing and economic information to do an effective bargaining job.
3. A manager and a board of directors with enough freedom of decision and the courage and know-how to bargain effectively.

It seems to me that these are the three principal areas around which an educational or leadership program needs to center. Officers and members of bargaining associations need to appreciate fully the importance of these key factors in the success of their bargaining efforts. Unless the officials of a bargaining association have adequate volume and sufficient marketing and economic information, they cannot hope to equal the bargaining strength of the buyer.

The aim of any bargaining association should be to arrive at negotiation meetings with a stock of information equal to or superior to that held by the processors across the table. The more complete and accurate such information is, the closer the negotiations can be guided by intelligent decisions rather than by blind guesses. If each side has the facts and a sincere desire to bargain in good faith, it is much more likely that negotiations will move smoothly and that equitable results will be achieved.

Bargaining ability is attained through a knowledge of market facts, proficiency in evaluating them, and skill in convincing others to make transactions. It is gained through study and experience. It is an ability highly regarded in a competitive economy such as ours. Perhaps the above mentioned items will give some ideas regarding the content of a training program for leadership development.

Leadership Program for Whom?

No cooperative has a monopoly on men and brains. Capable men are scarce and hard to come by. They are also costly. In the future, it will be important for cooperatives to raise their sights with respect to the type of men they can draw into management teams. They will need to pay higher salaries, comparable to those being paid by other corporations bidding for such men. In lieu of being able to attract, from the outside, high caliber men to take over responsible management positions, the other alternative is to train them up through in-service (training) programs developed by the cooperative itself.

The managerial skill of a salaried general manager is perhaps the most important of all in determining the business efficiency and economic destiny of any bargaining association. The manager is the key individual in the operation of the association. While his productivity might be hampered by an ineffective board of directors and enhanced by an active and productive board, his own ability and performance are the largest single factor in determining the value of the association to the members who own it.

If we are in agreement on this fact, then clearly we must concentrate our efforts to build greater managerial skills with present and future managers. These skills must be designed to solve the problems we see ahead of us. Professional skill in cooperative management is as important as it is in law, medicine, or research. Earnings of a skilled manager should be closely related to his skill in his profession as is the skill of the surgeon in his profession.

I am reminded of the saying, "He who plows straight does much, but he who thinks straight does more." Straight thinking is certainly needed in the business world of today. We must recognize that the work of the world is done by the disciplined force. The greatest force in the world today is "organized intelligence." Cooperatives need more of this if they are to solve the problems facing them.

What type of training program will do the job that we have been talking about? We must organize specific subject matter to teach the basic principles of managerial planning, direction, and control as it applies to the cooperative in question. Such an approach necessitates something more than the typical one-day meeting. It will mean schools which are organized by way of formal classes or seminars or specialized work shops. These might include reading assignments, case problems, discussion periods, and other devices for participation so that those taking the training can become involved and change their understandings and methods of doing things. Some organizations have set up such management workshops with which you may be familiar.

What type of training is needed for cooperative directors? Many directors have not had opportunity to receive modern-day specific training to give them the type of skills needed for best discharging their responsibilities. As co-ops continue to become larger and more complex, the need for training of cooperative directors becomes more important. More attention needs to be given to subject matter which will give them a better basis for making the decisions which confront them in the present age.

The primary job ahead in leadership development is to assess the specific needs of the various employees and managerial personnel. One way of finding out the type of training needed is to talk directly with personnel of the cooperative. Once we know how people think and feel, we are in a better position to do something about it. What type of training are they most interested in? How much should various employees know about their job to prepare them for the next job above? Does he need additional technical training; if so, what type? Does he need more training in salesmanship, economic analysis, and public relations? If so, how can this best be organized?

Some specialized training can be obtained best through night study or through extension courses or special seminars established for that purpose. Other training can be handled best through group training sessions in the organization itself with the aid of specialized personnel from universities or business. Clinics, workshops, seminars, and just old-fashioned "bull sessions" are useful in upgrading personnel.

Many approaches and techniques for training personnel have been successfully used by co-ops across the country. The primary job is to assess the needs of the various employees and then do something constructive to fill those needs.

What every cooperative is trying to achieve is a better motivated, more interested employee, director, or manager who can serve the farmer-owners of the association with maximum effectiveness. In this day and age, more is needed than just an average employee. If you are merely average, you are either the lousiest of the best or the best of the lousiest. And that may not be good enough. A leader does not conform to the average; he must be above average. All of us need upgrading.

Someone has said, "If you would kick in the pants the fellow responsible for most of your troubles, you would not be able to sit down for a month."

In all of our programs to improve ourselves professionally, let us remember this little verse:

To look is one thing;
To see what you look at is another;
To understand what you see is a third;
To learn from what you understand is still something else;
But to act on what you learn is the only thing that really matters.

Well organized programs for leadership development can provide a sounder basis for the type of action and decision making that is so important for the success of bargaining associations in the future.

FARM BUREAU EXPERIENCE IN BUILDING
BARGAINING ASSOCIATIONS--OHIO

C. William Swank
General Manager
Ohio Agricultural Marketing Association
Columbus, Ohio

A group of tomato growers in northwest Ohio 13 years ago started the only major bargaining association in the fruit and vegetable industry of Ohio. This group is known as Cannery Growers, Inc. At its beginning the organization was assisted by the Ohio Farm Bureau Federation and grew rapidly in membership, to approximately 1,500 members.

Each member signed a 10-year membership certificate for a nominal fee and then signed a marketing agreement, binding himself as a grower not to sign a tomato contract with a processor until the association had approved the contract. The finances for the organization have been maintained by 1 percent deduction on the gross value of the tomato crop.

In the early stages several processors gave grudging approval to the association of tomato growers, although in its history two complaints have been filed with the Federal Trade Commission on the action of the Ohio processing firms against the tomato growers' association.

In 1955 one of the major contractors substantially avoided dealing with members of the tomato growers' association by securing several new growers and influencing some of the members of Cannery Growers', Inc., to violate their membership agreement, in essence, by producing under an assumed name. Two other major processors have steadfastly refused to deal with members of the association and have let it be known in writing and through the contacts of fieldmen that association members could not be favored as growers.

The situation is certainly not as black as it may sound, however. In northwest Ohio the association has a sizeable membership with several processing firms and is 100 percent strong at one plant of a major processing company. The association is regarded by members and nonmembers alike as a healthy influence for a sound tomato growing and processing industry for the area. In the last 3 or 4 years Cannery Growers, Inc., has maintained its membership but has not grown substantially.

In 1961 Cannery Growers', Inc., became a member of the Ohio Agricultural Marketing Association, a subsidiary of the Ohio Farm Bureau Federation and a member of the American Agricultural Marketing Association. These Farm Bureau subsidiaries were set up following the urging of groups such as Cannery Growers so that a State and national system of communication and assistance in the bargaining field could be achieved.

In its contract with the Ohio Agricultural Marketing Association, Cannery Growers agreed to pay for services in the area of market information, publicity and public relations, public affairs and management, and bargaining session consultation. Also in 1961 the association hired a fieldman in addition to the secretary manager to make contacts with nonmembers to see if the membership could be expanded. After a year's experience in this kind of a setup, it became apparent that additional changes might be necessary to recapture the imagination and foresight of many of the nonmembers who had gone through the troubled experiences of 1955, and who are continually influenced by the processing firms not to join the association.

At its annual meeting in November 1961, the Ohio Farm Bureau Federation passed a resolution calling for legislation making it an illegal act for a processing firm to threaten, coerce, or cut-off as a supplier any grower simply because he is a member of a cooperative, marketing, or bargaining association. Although this legislation may be difficult to achieve in many States, and even more difficult to prove, we in Ohio feel that it is an important indication of our intentions to grow and become strong in the bargaining field, where growers desire such a bargaining effort.

In December 1961, the board of directors of Cannery Growers', Inc., unanimously voted to recommend to its members that the association be merged with the Ohio Agricultural Marketing Association. In considering the proposed merger the board felt that certain advantages would be available to tomato growers and that the expanded services to tomato growers through the new "merging" cooperative would attract additional growers to membership and increase the strength of their bargaining position. These advantages were:

1. Increasing membership of the organization.
2. Increased financial support, with possible lower dues per member.
3. Avoiding undue overhead expenses in building a State and national bargaining setup.
4. Having sound legal basis for bargaining with adequate legal counsel for bargaining.
5. Securing management with access to supply-demand information, marketing conditions, and accurate economic analysis of available information.
6. Additional services to members in the area of brokering tomatoes during glut conditions or at season's end, and information on latest research on varieties, yields, and canning or processing qualities.
7. Having sufficient support to secure legislation to protect financial interest of growers who wish to be members of a cooperative association.
8. Possibilities of including growers of processed crops other than tomatoes in the association -- thus spreading overhead costs over several commodities.
9. Being an organization that would be beneficial to processors as well as growers.

The American Agricultural Marketing Association has made considerable progress in the short period of time since its formation by the American Farm Bureau Federation in getting organization structure established in the several States and getting interest stirred in several more. At present 16 States are organized in similar fashion to Ohio with the corporate structure and interest generated in moving into the bargaining field with processed vegetable groups, where there is sufficient grower interest in that State.

For the first time in history a strong national farm organization is fully committed to bargaining and maintaining this bargaining effort on a coast-to-coast basis where necessary. Although the results of these efforts are largely organization structure and interest at present, enthusiasm for the program is growing among farmers. State associations are dealing only with crops grown under contract and at present are confining their efforts to the fruit and vegetable industry.

No effort is being made to take over or replace bargaining associations functioning in an area. In the cases where merger is proposed or accomplished, it has been due to the mutual interest of both parties in becoming a stronger organization without the necessity of maintaining an undue number of staff members, offices and records.

Whether or not the proposed merger takes place in March,^{1/} we feel that our bargaining efforts in Ohio are receiving a great deal more interest among growers and will continue to grow in strength. We are considering expanding the services to growers available under the association membership, so that when a reasonable market price has been achieved from the grower's standpoint he can still see visible benefits coming from membership in his association.

We feel that there is a real future for bargaining associations if they maintain the position of being reasonable resource organizations of benefit both to growers and to processors.

^{1/} Ed. note: Membership of Cannery Growers, Inc. voted in favor of the merger on March 1, 1962.

FARM BUREAU EXPERIENCE IN BUILDING
BARGAINING ASSOCIATIONS--CALIFORNIA

Herbert Dalton
Director of Special Services
California Farm Bureau
Berkeley, California

As Commodity Specialist, operating with the California Farm Bureau Federation and working with vegetable growers throughout the State, it has been my pleasure to help organize commodity sections, which have often led to activities in price leadership, and in some cases, to the formation of bargaining associations.

In California, we have not yet completed our corporate structure, which will lead to concrete activities in the bargaining association field, and which will be affiliated with the American Farm Bureau Federation's American Agricultural Marketing Association.

However, I have been designated to handle this activity and have been meeting with some organized and unorganized groups in preliminary discussions. In the near future, I hope, we will bring about formal affiliations in some manner with bargaining associations that wish to avail themselves of service facilities to be provided by the California Farm Bureau affiliate. This will probably be called the California Agricultural Marketing Association, and will, in turn, be affiliated with the American Farm Bureau affiliate.

I have been requested to speak about some of our experiences in building bargaining associations. I can give several illustrations of the steps we have taken, starting with organizing commodity sections which are a part of our 10 commodity departments covering the major crops in the State. The Green Lima Bean Section was started some 8 years ago, and was organized by setting up a simple set of Bylaws, officers, and lists of growers in the seven counties which are the chief ones growing green lima beans for processing.

The first real benefits from this organization were discussions between delegates from the various counties whereby certain misconceptions, which have been fostered by processing company field men, were exploded. Prior to the time of organization, it was customary practice for the Orange County area growers to be told that if they did not sign up at a given figure there were plenty of growers in the Oxnard area who would be glad to sign at that price.

Another benefit of the organization was to get statewide activity on investigating certain product practices, and to disseminate information from the University through meetings and through newsletters published by the Section and sent to all its membership. Funds were raised equivalent to 25¢ a ton and such monies were expended on promotion programs, research projects in the county and State levels, and other ways as designated by the Section.

The Section facilities were also utilized to communicate with eastern States which raise green lima beans so that growers' efforts could be coordinated closely and knowledge of prices and terms of sale interchanged. A contract study was made and the Section adopted an ideal green lima bean processing contract. While it met with favor from many local processors, it failed to succeed because there was lack of contact with national processors. We hope that by working through the American Agricultural Marketing Association this difficulty may be overcome.

From time to time efforts were made on price leadership and information was exchanged between the leaders in the various counties as to processor activities. Eventually grower working relationships became so good that a bargaining association was started in the Oxnard area of Ventura County. Over 90 percent of the production of this area signed up in 3 days. At a later date, a smaller association was started in the Santa Maria area with a more ambitious program covering all processed vegetables. We have utilized the Oxnard association, the Ventura Green Lima Bean Growers Association, as a price-setter, and the Farm Bureau has acted to relay decisions and contract activities to all the other counties.

I think it can be seen that this activity has paid off. U. S. Department of Agriculture figures indicate that the average price per ton for green lima beans in California for the years 1950-59 was \$149.70. In that same period, the United States average was \$144.20. In 1960, the California price was \$152.70; the United States price was \$143. The 1961 price was \$159 in California and \$145 nationally. This indicates that nationally the price has remained almost stable from 1959-1961, whereas the price in California has been raised, I believe, largely due to efforts of bargaining associations and price leadership throughout the Farm Bureau Sections.

I might say that this activity has been taken step by step, with a building of a realization of the market, and in a number of years, with no price rise where supply-demand conditions indicate product over-supply. I might also mention that acting in a conservative manner has maintained, and, in fact, increased the popularity of this group within the State. The green lima bean production in California, 1950-59 average, was a little over one-third of the national production. Production in California is now one-half of the national production, so this indicates that we did not price ourselves out of the market.

We are also working on price leadership activities in seed beans. This was quite successful last year and is being carried on this year. This group will probably start a formal bargaining association when we are ready to service them.

I think there is a considerable field for working with some of our specialty crops that go into processing, and there is a great need for doing this on a coordinated basis with other sections of the country.

I have appreciated meeting with this group, and I am looking forward to future close relations with many of the bargaining associations here represented.

Notes on the roundup of

RECENT DEVELOPMENTS IN BARGAINING

Various participants in the Conference presented highlights on recent developments in their bargaining associations. Following is a brief summary of these reports.

Joe Mapes, California Canning Pear Association: The association offered its fruit at \$90 a ton. After a major canner raised the price to \$100, other canners followed suit. Factors involved included pear decline and early season canner activity. 1961 was the first year in which there were no district price differentials; all districts received the same price.

Einer Knutzen, Northwest Washington Farm Crops Association: Walla Walla organization got an \$8 a ton increase on peas in the 1961 season. Advised growers to help get organizations started in competing areas since this can be a help to all of the industry.

Harlon Gannon, Washington Freestone Peach Association: Had only 65 percent of a normal crop in 1961, but were able to supply canner needs since the Northwest has lost canners. Anticipates production problems in future.

Clay Whybark, Washington-Oregon Canning Pear Association: California bonus situation on pears did not prevail in the Northwest. Settled at \$84 a ton. In face of Pacific Coast tonnage, price was fair.

J. L. Sullivan, California Canning Peach Association: Association asked reasonable price of \$55 a ton. Canners paid growers \$67 a ton. Bonus situation created chaos in the thinking of both customers and members.

Vince Garrod, Apricot Producers of California: Growers received \$10 less than asking price. Bargaining association has been created during the year and is now in business.

Walter R. Collett, Oregon Vegetable and Fruit Growers: Organization 2 years old and membership has grown rapidly, now stands at 500.

George Crum, California Freestone Peach Association: Settled for lower price than asked, received \$40 a ton. First year that association had a signed contract with every canner. Resignation of Manager Charles Telford led to rumors association would no longer bargain. Association will continue to bargain in 1962.

Alan Jensen, California Cannery and Growers: Organization was created from efforts of bargaining associations and looks with favor on association activities.

Ed Olson, Independent Olive Growers: Organization now 4 years old. Has had some success in stabilizing price; is still looking for a profit for growers.

Norman Cole, Idaho Contract Growers: Reorganized 3 years ago and signed members to marketing agreements in 1961. Sweet corn crop in area was poor in 1961: price raise was obtained. Organization worked with Birdseye to get harvest machinery for quick freeze beans into operation at the proper time.

John Handy, Great Lakes Cherry Producers Marketing Cooperative: Sold largest crop ever produced for highest price ever. Organization membership stands at 55 to 60 percent of growers. Members and customers are constantly kept informed; Cherry Producers association is the focus of the industry. Plan on lowering price as efficiency increases since large volume must be moved. Honest, good faith policy is long range program of association. The association is promoting cherries both at home and abroad. Is also doing research. Membership and legislative programs are constant activity.

C. William Swank, Ohio Agricultural Marketing Association: Ohio tomato growers started association 13 years ago with assistance of Farm Bureau, now represents one-third of tomatoes in the State. Processor approval has been grudging; two processors will not deal with association, but public respects the organization. Tomato association voted to merge with the Ohio Agricultural Marketing Association. Experience has shown some changes will have to be made.

Notes on panel discussion:

TECHNIQUES AND PROBLEMS OF NEGOTIATING AND GAINING RECOGNITION

Panel Leader: Charles Telford, California Freestone Peach Association

Participants: Gene Coe, Washington Asparagus Growers Association
John Handy, Great Lakes Cherry Producers Marketing Cooperative
Neil Holbrook, California Processing Apple Growers Association

Coe: An association must first earn industry respect. List the positive and negative economic and social forces at work with the purpose of gaining better understanding of industry problems. Use the forces working to your advantage and identify those working against you.

Handy: Great Lakes Cherry Producers Marketing Cooperative is presently the focus of the entire industry. Last year the largest crop ever was sold for the highest price ever. Long range program includes increasing markets and lowering price as efficiency increases in order to move larger volume. Honest, good faith policy is the only worthwhile long-range program. It is first necessary to arrive at a sound economic value for your product. The association is presently promoting cherries both at home and abroad since processors do not have enough interest. The association sponsored research in developing juice from hail grade cherries. Membership and legislative activity are constantly in progress. In order to get the job done, the association does what it must do constantly, reasonably and in good faith.

Holbrook: In order to gain respect, an association must first get recognition not only of the processors but of business and industry leaders as well. The association should go over the contract with the processors until agreement is reached--bring in a third party, if necessary. Make the laws which are on the books work to your advantage. Apple association was successful in using the press in order to gain public sentiment for their work when attempting to gain processor recognition.

Notes on panel discussion:

THE ROLE AND RESPONSIBILITIES OF DIRECTORS

Panel Leader: Robert Collins, California Canning Pear Association

Participants: Wayne Salter, California Canning Peach Association
Gerald Marcus, Attorney, Schofield, Hanson, Bridgett,
Marcus and Jenkins

Salter: Any director should first acquaint himself with the economics of the product involved and the competition from other products. In addition to supply and demand, unusual conditions will bear on the bargaining position of an association. For instance, the Canning Peach Association asked a realistic price for the 1961 crop, but canners chose to pay more than this price.

Directors should educate themselves through trade journals on how their product is sold and advertised in order to make more intelligent decisions. The information will also help the director to explain board actions to his grower constituents. This is of real importance since growers can ask a lot of questions and the board member better be prepared to answer them.

Marcus: Directors are trustees and agents for the association. Although they are not insurers of the success of the association, it is their duty to exercise reasonable care, to be honest and diligent. Directors are not free from personal responsibility just because they hire a manager. The board has full authority for management of the affairs of the association. With authority goes responsibility. Directors have a liability if co-ops fail to abide by specific authority. Liability can also follow from failure to use diligence and judgment and from disloyalty to the corporation because of conflict. The director has the responsibility to interpret policies on the grass-roots level so that the member understands and backs the co-op.

Notes on panel discussion:

BUILDING AND MAINTAINING MEMBER AND NON-MEMBER SUPPORT

Panel Leader: J. L. Sullivan, California Canning Peach Association

Participants: Vernon Stockwell, Washington-Oregon Canning Pear Association
Dave Orth, California Freestone Peach Association
Einer Knutzen, Northwest Washington Farm Crops Association

Mr. Stockwell stated his group was organized in 1954; hard work of the organizing committee resulted in signing up half of the free tonnage in the area.

"Because we have been successful in maintaining price stability at a reasonable price, the appeal to new membership has been limited," Mr. Stockwell said.

"The association support and strength comes only from members with non-members receiving the benefits on a non-paying basis."

"What we choose to call our non-member support comes from (1) those who withhold fruit until the price is established by the association and (2) individuals who sell their fruit based on the ultimate association price while negotiations are still in progress. These people then become our most ardent supporters for holding the price line!"

Mr. Stockwell concluded that support must be based on a sound program of grower education, and that bargaining associations can accomplish their aim only if the support of all growers is enlisted.

Mr. Orth reported that the freestone association was formed in the post war years on a market of declining prices and increasing production and competition.

"If the same effort is used to keep members as to get them, many problems would be solved," Mr. Orth said. "We have had to fight for a price below the cost of production and defend it to the members!"

Mr. Orth reported the association keeps the membership informed by means of a newsletter and supplemental bulletins. "Grower information is particularly necessary and delicate at pricing time," he said.

Mr. Orth stated it is important to sell the grower on the association program and on the fact that he needs it. The association must obtain and hold canner respect as well.

"Growers and canners must believe in the co-op. There are fringe benefits on both sides of the fence," he concluded.

Mr. Knutzen reported his group was organized 3 years ago with help from the Utah group. The results were a 90 percent sign up and a price of \$68 a ton in 1962 from a low of \$35 a ton.

He stressed the importance of getting news to the grower and cited emergency grower meetings held by his organization to combat active processor resistance. As a result of the meetings, the association lost only about 15 members and at present still controls 35 to 90 percent of the acreage in the area.

In summarizing, Mr. Sullivan said he feels no one should belong to an association unless it is providing a service. "The bargaining cooperatives are stabilizing our industries and expanding markets," he said.

Notes on panel discussion:

HOW STATE AGENCIES CAN ASSIST GROWERS IN THEIR
BARGAINING ACTIVITIES

Panel Leader: Ralph Bunje, California Canning Peach Association

Participants: William Kuhrt, California Department of Agriculture
Paul T. Rowell, Oregon Department of Agriculture
Don Olson, Washington Department of Agriculture

Bunje: Bargaining associations and market orders are not solutions but tools to deal with problems. Tools available in California include marketing agreements, unfair practices law, bureau of market enforcement, crop estimating department--all help to create the bargaining climate.

Kuhrt: Co-ops can't handle surplusing for the entire industry, they can't promote the product nor set standards--it must be done by legislation. An uncontrolled surplus creates disadvantage at the bargaining table. Cannerys have accurate information and the bargaining association must have the same information. Uncontrolled surplus or lack of knowledge of the size of the crop are the greatest weapons a canner has. State agencies can work with organizations to make sure they have accurate information.

Rowell: State agencies can offer basic information and counsel on organization problems, but the group must first be organized properly under the law. Marketing specialists can provide counsel on development including adequate quantity in order to bargain effectively and data on supply and demand. State agencies can provide protection against unfair trade practices, crop reports and estimates and a favorable climate for negotiation.

Olson: When problems can't be handled by individual action, it is necessary to have a corporate body with recognized legal status. State agencies can help develop a flow of useful information to growers through agricultural department, vocational educational and university extension. Unfair trade practices acts should be a part of the agricultural code, not the general legal code. Wise counseling and sincere understanding is sometimes a more potent force than law.

Notes on panel discussion:

HOW THE COLLEGES CAN ASSIST IN BUILDING
EFFECTIVE BARGAINING ASSOCIATIONS

Panel Leader: George B. Alcorn, University of California

Participants: Robert W. Wilcox, University of Idaho
William F. Lomasney, University of Illinois

Wilcox: Our agricultural colleges expect to work with agricultural producers and producer groups in trying to solve their problems. They have a long history of working with agricultural cooperatives.

While our research resources are limited, in a State like Idaho we can assist bargaining associations by consulting with them individually to:

- (1) Suggest their officers and management take part in training sessions made available to all cooperatives;
- (2) Suggest they consult with operating associations in other states;
- (3) Suggest they have personnel participating in sessions such as these;
- (4) Make them aware of services available from Farmer Cooperative Service;
- (5) Assist their officers and management in learning about sources and uses of information needed in their operations;
- (6) Discuss with members, officers, and management the strengths and limitations of bargaining associations -- what they may logically expect to do through this type of organization;
- (7) Develop an understanding by bargaining groups and processors of the areas of common interest that may exist; and
- (8) Suggest kinds of useful commercial services available to them in the managerial accounting and legal fields.

I believe you will find the colleges prepared to work with you. Our experience indicates the bargaining group leadership is not always involved in leadership of other cooperatives. As a result, our college people will not always be acquainted with a new association. If you do not now know the people on your college staff with marketing research and extension responsibility, your first step is to get acquainted with them. I feel sure you will find they are pleased at the opportunity to work with you.

Lomasney: It would appear that all of us -- farmers and professional farmers alike -- can share the blame for the weak posture of agriculture in the market place. The preoccupation we have given to production, and the higher margin service areas for the family farm, have run almost full cycle. Agriculture is truly paying dearly for this limited viewpoint of futures. Farmers, while credited with tremendous organizational power, have little or no control of the distribution of their product and only a limited basis for negotiating price adjustments.

If the above mentioned considerations are true, then how can the colleges assist in building the effectiveness of bargaining organizations? This question itself suggests that farmers, and their organizations, are at long last assuming more responsibilities for organizing, financing, and developing the business operations necessary to improve their bargaining position.

Educators should be expected to be called on by growers to: help stimulate interest, where possible, in desirable organizational goals and methods; interpret socio-economic theory, principles, research, and findings; provide technical assistance and basic information leads; and develop needed information resources.

More specifically, the colleges can assist bargaining cooperatives in the areas of -- establishing authoritative benchmarks of management, operating, and production costs; developing more comprehensive outlook, supply, and related market news data; evaluating competition; developing more objective grade standards and sampling methods; organization and planning assistance; and engineering technology and quality control assistance.

We suggest to you that these resources are available. It will take no talent on your part as farm leaders to dissipate them or ignore their existence.

RESOLUTIONS

Following are resolutions passed unanimously by those in attendance at the Sixth National Conference on Fruit and Vegetable Bargaining Cooperatives, Jack Tar Hotel San Francisco, Calif., January 13 and 14, 1962, and transmitted to the U. S. Department of Agriculture by Clay Whybark as secretary for the conference.

I.

WHEREAS, the success of the Sixth National Conference on Fruit and Vegetable Bargaining Cooperatives has been due to the help of many whose names do not appear on the program either as speakers, officers or committee members;

THEREFORE, BE IT RESOLVED, That we extend our thanks to all those who helped and especially to the following:

1. Those who arranged for the meeting place.
2. Those who arranged for the publicity.
3. And to those in the Farmer Cooperative Service of the U. S. Department of Agriculture who worked diligently to help make this meeting a success but could not attend to see the fruits of their labor.

II.

WHEREAS, the trend is toward more bargaining associations for fruit and vegetables, and

WHEREAS, the demand for information on mode of operation is becoming greater, and

WHEREAS, the need of outstanding leadership of these groups is becoming more and more important;

THEREFORE, BE IT RESOLVED, That those in attendance at this Sixth National Meeting ask the Farmer Cooperative Service of the U.S. Department of Agriculture to again recognize this need, and

BE IT FURTHER RESOLVED, Farmer Cooperative Service be empowered to conduct a Seventh Annual Conference on Fruit and Vegetable Bargaining Cooperatives, and

BE IT FURTHER RESOLVED, That this group go on record as recommending that Joseph G. Knapp, Administrator, Farmer Cooperative Service, and Wendell M. McMillan, Chief, Fruit and Vegetable Branch, Farmer Cooperative Service, continue their active leadership before and during these conferences.

LIST OF FRUIT AND VEGETABLE BARGAINING COOPERATIVES 1/

Fruit Bargaining Cooperatives

- | | |
|---|--|
| 1. Apricot Producers of California
237 Almendra
Los Gatos, Calif.
J. Robert Mitsch, Manager | 8. Florida Orange Marketers
P. O. Box 745
Winter Park, Fla.
E. H. Squire, Manager |
| 2. California Canning Peach Association
World Trade Center, Ferry Bldg.
San Francisco 11, Calif.
Ralph B. Bunje, Manager | 9. Great Lakes Cherry Producers
Marketing Cooperative
801 Cherry Street, S. E.
Grand Rapids 6, Mich.
Berkley I. Freeman, Manager |
| 3. California Canning Pear Association
64 Pine Street
San Francisco 11, Calif.
Cameron Girton, Manager | |
| 4. California Freestone Peach Association
422 Fifteenth Street
Modesto, Calif.
Richard Black | |
| 5. California Processing Apple Growers Association
25 California Street
San Francisco 11, Calif.
Neil K. Holbrook, Manager | |
| 6. Corning Olive Growers Marketing Association
P. O. Box 75
Corning, Calif.
William G. Shultes, President | |
| 7. Eastern Fruit Marketers Cooperative
Box 668
Winchester, Va.
J. Kenneth Robinson, President | |

1/ This list, based on reports from various sources as of March 1962, includes associations having as one of their objectives the negotiation of contract terms with processors. Some of the associations, however, are currently inactive and some, because of their recent organization, are not yet actively operating. Also listed are State Farm Bureau marketing associations affiliated with the American Agricultural Marketing Association.

10. Idaho Processing Apple Growers
Caldwell, Idaho
Stanley Robinson
11. Independent Olive Growers of California
1121 N. Main
Porterville, Calif.
Ed. Olson, Jr., Secretary-Manager
12. Independent Red Raspberry Growers of Washington
Rt. 12, Box 268
Tacoma, Wash.
Hedwig Bisig, President
13. Kadota Growers, Inc.
P. O. Box 26
Planada, Calif.
V. E. Scott, Manager
14. Maryland Fruit Marketers Cooperative
Hancock, Md.
R. Sam Dillon, Jr.
15. Michigan Processing Apple Marketing Association
201 1/2 East Grand River Ave.
East Lansing, Mich.
John J. Timpson, President
16. New York State Grape Growers Cooperative
Farm and Home Center
Penn Yan, N. Y.
Howard C. Green, President
17. Northwest Berry Association
Rt. 1, Box 139
Canby, Oregon
John C. Webber, President
18. Pacific States Canning Pear Marketing Association
Wenatchee, Wash.
Vernon Stockwell, President
19. Pennsylvania Fruit Marketing Cooperative
Gardners, Pa.
William A. Lott, President
20. Puyallup Valley Berry Growers Association
602 Todd Road
North Puyallup, Wash.
Charles W. Clark, Secretary-Manager

21. Tri-County Grape Growers Association
Route 1
North Madison, Ohio
Walter L. Green, III
22. Virginia Fruit Marketers Cooperative
P. O. Box 668
Winchester, Va.
J. Kenneth Robinson, President
23. Washington Freestone Peach Association
P. O. Box 2056
Yakima, Wash.
Harlan Gannon Manager
24. Washington-Oregon Canning Pear Association
202 Holtzinger Building
Yakima, Wash.
Clay Whybark, Manager
25. West Virginia Fruit Marketers Cooperative
Martinsburg, W. Va.
Douglas Miller, President

Vegetable Bargaining Cooperatives

1. California Cucumber Growers Association
P. O. Box 666
Fremont, Calif.
S. E. Williams, Secretary
2. Cannery Growers, Inc.
Box 46
Maumee, Ohio
A. W. Matthews, Secretary-Manager
3. Contract Growers Association
Route #1
Kuna, Idaho
Norman Cole, President
4. Growers Processing Association - Santa Maria Valley
P. O. Box 901
Santa Maria, Calif.
Al McKenzie, Manager
5. Idaho Potato Bargaining Association
Paul, Idaho
6. Iowa-Illinois Cannery Growers' Cooperative
Wilton Junction, Iowa
Herbert Ovesen, President

7. Keystone Vegetable Growers Association
75 North Main St.,
Doylestown, Pa.
Newton M. Comly
8. Magic Valley Canning Crop Growers Association
Hagerman, Idaho
Bob Brailsford, President
9. Malheur Potato Bargaining Association
Ontario, Oreg.
Wesley Roberts
10. Mesa County Tomato Growers
Fruita, Colo.
Herman Beard, President
11. Michigan Asparagus Growers Cooperative Association
4000 North Grand River, Box 960
Lansing 4, Mich.
J. Ward Cooper, Secretary
12. New Jersey Vegetable Growers Cooperative Association
168 West State Street
Trenton, N. J.
David Fogg, President
13. New York Canning Crop Growers Cooperative
Box 290
Batavia, N. Y.
Michael J. Muscarella
14. Northwest Washington Farm Crops Association
621 West Division
Mount Vernon, Wash.
Ray Schink, Executive Secretary
15. Oregon Vegetable And Fruit Growers Association
Route 2, Box 137
Salem, Oreg.
Walter Collett, Manager
16. Oregon-Washington Pea Growers Association
Athena, Oreg.
Don Webber, President
17. Utah State Canning Crop Association
173 South Main Street
Logan, Utah
A. W. Chambers, Secretary-Manager

18. Ventura Fordhook Lima Bean Bargaining Association
841 F Street
Oxnard, Calif.
John Dullam, Secretary
19. Walla Walla Vegetable Growers
1006 South Main St.
Milton-Freewater, Oreg.
Orlo S. Carver, Manager
20. Washington Asparagus Growers Association
318 S. Seventh Street
Sunnyside, Wash.
Gene R. Coe, Manager

State Farm Bureau with the Affiliated Marketing Association

American Agricultural Marketing Association
2300 Merchandise Mart
Chicago 54, Ill.

Charles B. Shuman, President
Roger Fleming, Secretary-Treasurer
Allen Lauterbach, Assistant Secretary-Treasurer
Wayne E. Tyler, Field Director
Harold J. Hartley, Manager, Fruit & Vegetable Division
J. Ward Cooper, Manager, Apple Department

1. Agricultural Service, Inc. - New Hampshire
191 N. Main Street
Concord, N. H.
Richard G. Kelley, President
Lloyd E. Conery, Manager
2. Delaware Farm Bureau
Dupont Highway, Rt. 13, Box 110
Dover Del.
James H. Baxter, Jr., President
Earnest F. Smith, Jr., Manager
3. Farmers Agricultural Co-operative Trading Society - Massachusetts
155 Lexington Street
Waltham, Mass.
Lloyd A. Hathaway, President
4. Indiana Agricultural Marketing Association
130 E. Washington Street
Indianapolis 4, Ind.
George Doup, President
Paul T. Norris, Manager

5. Kansas Agricultural Marketing Association, Inc.
2321 Anderson Avenue
Manhattan, Kans.
Walter C. Peirce, President
Gary Rumsey, Manager
6. Michigan Agricultural Cooperative Marketing Association
4000 N. Grand River Avenue
Lansing 4, Mich.
Walter Wightman, President
Robert E. Braden, Field Services Director
7. New Jersey Agricultural Marketing Association, Co-op.
168 W. State Street
Trenton 8, N. J.
Carleton E. Haritage, President
C. H. Fields, Manager
8. New York Farm Bureau Marketing Cooperative, Inc.
110 N. Tioga Street
Ithaca, N. Y.
William E. Bensley, President
John S. Gold, Manager
9. Ohio Agricultural Marketing Association
245 N. High Street
Columbus 16, Ohio
D. R. Stanfield, President
C. William Swank, Manager
10. Oregon Agricultural Marketing Association
P. O. Box 425, 444 Marion,
Salem, Oreg.
Wiley Clowers, President
Ralph McDonald, Manager
11. Pennsylvania Agricultural Marketing Association
21st and Chestnut Avenue
Camp Hill, Pa.
G. A. Biggs, President
Wesley Haer, Manager
12. Quality Vegetable Growers Association - Illinois
1701 Towanda Avenue
Bloomington, Ill.
Phillip Collins, President
J. L. Pidcock, Manager
13. South Carolina Farm Bureau Marketing Association
1401 Hampton Street
Columbia, S. C.
David H. Sloan, Jr., President

14. Texas Agricultural Marketing and Development Association
401 Franklin Avenue
Waco, Tex.
J. H. West, President
Walter Meyer, Manager
15. Utah Agricultural Marketing Association
65 E. Fourth South Street
Salt Lake City 11, Utah
A. V. Smoot, President
Frank G. Shelley, Manager
16. Virginia Agricultural Marketing Association
212 W. Grace Street, P. O. Box 2-B
Richmond 3, Va.
T. T. Curtis, President
A. T. Lassiter, Manager
17. West Virginia Agricultural Marketing Association, Inc.
P. O. Box 469
Buckhannon, W. Va.
Paul Nay, President
18. Wisconsin Agricultural Marketing Association
801 W. Badger Road
Madison 1, Wis.
Percy Hardiman, President
Lawrence A. Rens, Manager